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PREPARATION OF THE TERMS OF REFERENCE OF THE INTERNATIONAL JUTE STUDY GROUP

Draft Terms of Reference of the International Jute Study Group

GE.01-50466

TERMS OF REFERENCE OF THE INTERNATIONAL JUTE STUDY GROUP

PREAMBLE

The Parties to the Terms of Reference,

Recognizing the importance of jute and jute products to the economies of a number of countries,

Considering that close international co-operation in finding solutions to the problems facing this commodity will further the economic development of the exporting countries and strengthen co-operation between exporting and importing countries,

Considering further the contribution made by the International Agreements on Jute and Jute Products, 1982 and 1989 towards such co-operation between exporting and importing countries and the desirability of enhancing the effectiveness of such co-operation in the future,

Conscious of the need to promote and undertake projects and activities designed to increase the jute-derived earnings in developing jute-producing countries thereby contributing to the alleviation of poverty in these countries,

Have agreed as follows:

Establishment

1. The International Jute Study Group, hereinafter referred to as "the Group", is hereby established to administer the provisions and supervise the operation of these Terms of Reference. For legal, administrative, financial and operational purposes, the Group, when these Terms of Reference enter into force, shall be considered as the successor entity to the International Jute Organization, initially established under the International Agreement on Jute and Jute Products, 1982 and maintained in existence under the International Agreement on Jute and Jute Products, 1989.

Definitions

2. For the purpose of these Terms of Reference:

(a) "Jute" means raw jute, kenaf and other allied fibres, including *Urena lobata, Abutilon avicennae and cephalonema polyandrum;*

(b) "Jute product" means product made wholly or almost wholly of jute, or products whose substantial component by weight is jute;

(c) "Member" means any State or any intergovernmental organization as provided for in paragraph 5 which have notified their acceptance or provisional application pursuant to paragraph 23;

(d) "Associate Member" means any organization or any entity referred to in paragraph 6;

(e) "Special vote" means a vote requiring at least two thirds of the votes cast by members present and voting provided that those votes are cast by a numerical majority of members present and voting;

(f) "Simple majority vote" means a vote requiring more than half of the total votes of members present and voting provided that these votes are cast by a numerical majority of members present and voting;

(g) "Financial year" means the period from 1 July to 30 June inclusive;

(h) "Jute year" means the international crop year for jute that runs from 1 July to 30 June inclusive.

Objectives

3. The objectives of the Group shall be:

(a) To provide an effective framework for international co-operation, consultation and policy development among members with regard to all relevant aspects of the world jute economy;

(b) To promote the expansion of international trade in jute and jute products by maintaining existing markets and by developing new markets including the introduction of new jute products and the development of new end-uses;

(c) To provide a forum for the active participation of the private sector in the development of the jute sector;

(d) To address the issues of poverty alleviation, employment and development of human resources, particularly of women, in the jute sector;

(e) To facilitate the improvement of structural conditions in the jute sector through improvement of productivity, quality and promotion of the application of new processes and technologies;

(f) To create and increase awareness of the beneficial effects of the use of jute as an environmentally-friendly, renewable, biodegradable natural fibre;

(g) To improve market intelligence with a view to ensuring greater transparency in the international jute market in collaboration with other organizations including the Food and Agriculture Organization (FAO) of the United Nations.

Functions

4. In pursuance of its objectives, the Group shall have the following functions:

(a) To develop an appropriate strategy for the improvement of the world jute economy with particular emphasis on generic promotion of jute and jute products;

(b) To conduct consultations and exchanges of information on the international jute economy;

(c) To initiate, sponsor, supervise, monitor, [implement] and act as a catalyst with respect to projects and related activities aimed at improving the structural conditions of the world jute economy and the general economic well-being of those employed therein;

(d) To provide and improve statistics and market intelligence on jute and jute-based products in consultation with the Food and Agriculture Organization of the United Nations and other appropriate bodies;

(e) To undertake studies on various aspects of the world jute economy and related issues; and

(f) To consider problems or difficulties which may arise in the international jute economy.

Membership

5. Membership of the Group shall be open to all States which are interested in the production or consumption of, or international trade in jute and jute products and to any intergovernmental organization having responsibilities in respect of the negotiation, conclusion and application of international agreements, in particular commodity agreements. The Council shall decide on the distribution of votes to intergovernmental organizations after entry into force of these Terms of Reference, if deemed necessary.

6. Associate membership of the Group shall be open to those organizations and entities not entitled to full membership under the provisions of paragraph 5 above. The Council shall make rules concerning the eligibility, the rights and obligations of such associate members.

Composition and Powers of the Council

7. (a) The highest authority of the Group established under these Terms of Reference shall be vested in the Council comprising all members. The Council shall meet at least once every year;

(b) The Council shall exercise such powers and take action or arrange for action to be taken as may be necessary to carry out and ensure the application of the provisions of these Terms of Reference;

(c) The Council shall adopt, by special vote, such rules as are considered necessary to carry out the functions of the Group which shall be subject to, and not inconsistent with these Terms of Reference. These rules shall include: (i) the

Rules of Procedure, (ii) Financial Rules and Rules relating to Projects, (iii) the Staff Regulations and Rules and (iv) the Staff Provident Fund Rules;

(d) The Council shall not have the power and shall not be deemed to have been authorized by its members to incur any obligation outside the scope of these Terms of Reference or any of the rules referred to in paragraph (c) above;

(e) In order to achieve the objectives listed in paragraph 3 above, the Council shall approve a work programme which shall be revised periodically.

Headquarters

8. The Headquarters of the Group shall be in Dhaka, Bangladesh unless the Council, by special vote, decides otherwise. The Council shall conclude a Headquarters Agreement with the host Government as soon as possible after these Terms of Reference have entered into force.

Decision-making and Distribution of Votes

9. (a) Subject to the provisions of sub-paragraph (d) below, the Council, the Committee on Projects referred to in paragraph 10, and such committees and subsidiary bodies as may be established, shall take decisions by consensus unless a member requests a vote. Such a vote will normally be taken on the basis of simple majority vote, unless a special vote is specified;

(b) Each member shall be entitled to the number of votes allocated to it in accordance with the provisions of sub-paragraph (c) below. In the case of voting on matters within their competence, member intergovernmental organizations shall vote with a number of votes equal to the total number of votes attributable to their participating Member States;

(c) All members shall together hold 2000 votes. [Forty] [Fifty] per cent of the total votes of members shall be distributed equally among all members. The remaining [Sixty] [Fifty] per cent of the total votes shall be allocated to each member in proportion to its "coefficient of jute-related importance" (COJI) as defined in sub-paragraph (d) below. The total of the basic votes and the COJI-related votes of each member shall be appropriately rounded so that there are no fractional votes and the total number of votes of members do not exceed 2000, subject, however to the provision of sub-paragraph (e) below;

(d) For the purposes of these Terms of Reference the "Coefficient of Jute-related Importance" (COJI) of each member shall be its share in the total value attributed to all member countries in accordance with the following formulae:

(i) In the case of jute-producing countries, the weighted average volume of production of 40 percent and the average volume of net trade of 60 percent of jute and jute products over the most recent three year period for which relevant statistics are available;

(ii) In the case of non-jute producing and net jute importing countries, the average volume of their net imports of jute and jute products over the most recent three year period for which relevant statistics are available.

(e) No member representing a single country shall have more than 450 votes. Any votes over this figure arising from the methodology prescribed in sub-paragraphs (c) and (d) and provided for in sub-paragraph (i) below, shall be redistributed among all other members on the same basis of computation as provided for under these paragraphs;

(f) If, for any reason, difficulties should arise in the determination of votes through the use of the prescribed methodology provided for in sub-paragraphs (c), (d) and (e) above, the Group may, by special vote, decide on a different methodology for the distribution of votes;

(g) The presence of members holding together 1000 votes shall be required for the commencement of any Council meeting. The presence of members holding together 1200 votes shall be required for any decision to be taken by the Council;

(h) The Council shall distribute the votes for each financial year at the beginning of the last session of the preceding year in accordance with the provisions of this paragraph. Such distribution of votes shall remain in effect for the full jute year, except as provided for in sub-paragraph (i) below;

(i) Whenever the membership of the Group changes or when any member has its voting rights suspended or restricted under any provisions of the rules of procedure, the Council shall re-distribute the votes of all other members in accordance with the provisions of this paragraph. The Council shall decide the date on which the redistribution of votes shall become effective;

(j) A member authorised by another member to cast the votes held by the authorising member under this paragraph shall cast such votes in accordance with the instructions of the authorising member.

Committee on Projects (COP)

10. (a) The Council shall establish a Committee on Projects (COP) which shall be open to all members. The Committee may invite associate members and other interested parties to participate in its work;

(b) The Committee on Projects shall advise the Council on all aspects of projects and related activities in accordance with the rules to be established by the Council;

(c) The Council may, in certain circumstances, delegate to the Committee on Projects its powers relating to the approval of projects and related activities. The Council shall establish rules governing such delegation of powers to the Committee on Projects.

Private Sector Consultative Board

11. (a) To facilitate interaction with the private sector, the Council shall establish a Private Sector Consultative Board (hereinafter referred to as the "Consultative Board"). The Consultative Board shall be a consultative body, which may make recommendations to the Council in matters related to these Terms of Reference;

(b) The Consultative Board shall consist of associate members. Other private sector entities who express a relevant interest may participate by invitation;

(c) The Consultative Board shall submit regular reports to the Council;

(d) The Consultative Board shall establish its own rules of procedure, consistent with the provisions of these Terms of Reference.

Committees and Subsidiary Bodies

12. The Council may establish other committees or subsidiary bodies, in addition to the Committee on Projects and the Private Sector Consultative Board on such terms and conditions as it may determine.

Secretariat

13. (a) The Group shall have a Secretariat consisting of a Secretary-General and such staff as may be required;

(b) The Secretary-General shall be appointed by the Council by special vote. The terms and conditions of appointment of the Secretary-General will be governed by the rules of procedure of appointment except for the appointment of the first Secretary-General;

(c) The Secretary-General shall be the chief administrative officer of the Group and shall be responsible to it for the administration and operation of these Terms of Reference in accordance with the decisions of the Council;

(d) The Secretary-General shall appoint the staff in accordance with the regulations established by the Council. The staff shall be responsible to the Secretary-General.

Consultation and Co-operation with others

14. (a) The Group may make arrangements for consultations and co-operation with the United Nations, its organs or specialized agencies, and with other intergovernmental organizations and institutions, as appropriate;

(b) The Group may also make arrangements as it considers appropriate for maintaining contact with interested Governments of non-member countries, with national and international non-governmental institutions, with private sector organizations and with research institutions which are not associate members;

(c) Observers may be invited to attend meetings of the Council or its subsidiary bodies on such terms and conditions as the Council or those bodies may decide.

Relationship with the Common Fund

15. The Group may apply to be designated as an International Commodity Body (ICB) under article 7(9) of the Agreement establishing the Common Fund for Commodities (CFC), for the purpose of sponsoring, in accordance with the provisions of these Terms of Reference, projects on jute and jute products to be financed by the Fund. Decisions on the sponsoring of such projects shall normally be taken by consensus. If consensus cannot be reached, decisions shall be taken by simple majority vote. No member shall be responsible by reason of its membership in the Council for any liability arising from borrowing or lending by any other member or entity in connection with projects. The Secretary-General is authorized to conclude Agreements with the Fund for approved projects.

Legal Status

16. (a) The Group shall have international legal personality. In the territory of each member, and subject to its national legislation, the Group shall, in particular, but subject to paragraph 7(b) above, have the capacity to enter into contracts, to acquire and to dispose of movable and immovable property, and to institute legal proceedings;

(b) The status of the Group in the territory of the host country shall be governed by the Headquarters Agreement between the host Government and the Council, referred to in paragraph 8 above;

(c) As the legal successor to the International Jute Organization, the Group shall assume responsibility for all the assets and liabilities of the former Organization.

Financial Accounts and Budget Contributions

17. (a) For the purposes of these Terms of Reference, the Group shall establish the following accounts:

(i) The Administrative Account and
(ii) The Special Account

(b) Each member shall contribute to the Administrative Account in accordance with the provisions of the rules of procedure, within the framework of an annual administrative budget which shall be approved by the Council. The contribution of members shall be directly proportional to the votes allocated to them under the provisions of paragraph 9. The payment of the contribution by each member shall be made in accordance with its constitutional procedures;

(c) In addition to the contributions to the Administrative Account within the framework of the Annual Administrative Budget, the Group may accept contributions to the Special Account. The Special Account shall be established

for the purpose of financing projects, pre-project and related activities. The possible sources of finance for the Special Account may include:

(i) Voluntary contributions from members, associate members and other sources; and

(ii) Regional and international financial institutions including the Common Fund for Commodities, United Nations Development Programme, the World Bank, the Asian Development Bank, the International Fund for Agricultural Development, the Inter-American Development Bank and the African Development Bank.

Statistics, Studies and Market Information

18. (a) The Group shall analyse and process jute trade information and statistics collected from FAO, other international and national institutions and the private sector. The Group shall provide and make available to members, associate members and other interested parties, the market outlooks and intelligence, including stocks and consumption by specific markets and end-use industries. The Group shall also encourage national institutions in producing member countries, to improve data collection in the jute sector and to diffuse the results to all interested parties. In so doing, every effort shall be made, as far as practicable, to minimise duplication.

(b) The Group shall undertake studies related to the international jute economy as may be agreed to by the Council;

(c) The Group shall endeavour to ensure that information made available by it does not prejudice the confidentiality of the operations of Governments or persons or enterprises producing, processing, marketing or consuming jute.

Annual assessment and reports

19. (a) The Group shall undertake an annual assessment of the world jute situation and related matters in the light of information supplied by members and supplemented by information from all other relevant sources including periodical evaluation reports by donors. The annual assessment shall include a review of anticipated jute production capacity for future years and an outlook for jute production, consumption and trade for the following calendar year, for the purpose of assisting members in their individual assessments of the evolution of the international jute economy;

(b) The Group shall prepare a report incorporating the results of the annual assessment and distribute it to members. If the Group deems it appropriate, this report, as well as other reports and studies distributed to members, may be made available to other interested parties in accordance with the rules of procedure;

(c) The Group shall undertake periodic evaluations of its activities at least every two years, and compare their conformity to the objectives and functions of the Group as set out in paragraphs 3 and 4 above.

Market development

20. The Group shall, in consultation with members, associate members and interested parties, identify constraints and opportunities in the world market for jute and jute products with a view to undertaking appropriate activities, with particular reference to increasing the demand and developing the market for jute and jute products as well as dissemination and commercial exploitation of emerging technologies.

Obligations of members

21. Members shall use their best endeavours to co-operate and to promote the attainment of the objectives of the Group, in particular by providing the data referred to in paragraph 19(a).

Reservations

22. No reservations may be made to any of the provisions of these Terms of Reference.

Entry into force

23. (a) These Terms of Reference shall enter into force when States together accounting for to 60 percent of trade (imports and exports combined) in jute and jute products, as set out in **Annex A** to these Terms of Reference, have notified the Secretary-General of the United Nations (hereinafter referred to as "the depositary") pursuant to sub-paragraph (b) below of their provisional application or definitive acceptance of these Terms of Reference;

(b) Any State or any intergovernmental organization referred to in paragraph 5 which desires to become a member of the Group shall notify the depositary that it accepts definitively these Terms of Reference or that it accepts to apply them provisionally, pending the conclusion of its internal procedures. Any State or intergovernmental organization which has notified its provisional application of these Terms of Reference shall endeavour to complete its internal procedures as soon as possible, and shall notify the depositary of its definitive acceptance of these Terms of Reference;

(c) If the requirements for entry into force of these Terms of Reference have not been met on [30 September 2001], the Secretary-General of UNCTAD shall invite those States and intergovernmental organizations that have notified their acceptance or provisional application of these Terms of Reference to decide whether or not to put these Terms of Reference into force among themselves;

(d) When these Terms of Reference enter into force, the Secretary-General of UNCTAD shall convene an inaugural meeting of the Council as soon as possible thereafter. Members shall be notified at least one month, where possible, prior to that meeting.

Amendment

24. These Terms of Reference may be amended only by consensus of the Council. The Secretary-General shall notify the depositary of any amendments adopted under this paragraph. An amendment shall enter into force 90 days after the depositary has received the notification of acceptance from members holding together at least 60 percent of the votes.

Duration, Extension and Renegotiation

25. (a) The Group shall remain in force for a period of eight years, unless the Council, by special vote, decides to extend or renegotiate these Terms of Reference as provided for in sub-paragraphs (b) and (c) below or to terminate them as provided for in paragraph 27 below;

(b) The Council may, by special vote, decide to extend the duration of these Terms of Reference for not more than [two] periods of two years each;

(c) The Council may, by special vote, decide to renegotiate these Terms of Reference.

Withdrawal

26. (a) A member may withdraw from the Group at any time by giving written notice of withdrawal to the depositary and to the Secretary-General of the Group;

(b) Withdrawal shall be without prejudice to any financial obligations already incurred by the withdrawing member and shall not entitle it to any rebate of its contribution for the year in which the withdrawal occurs;

(c) Withdrawal shall become effective 12 months after the notice is received by the depositary;

(d) The Secretary-General of the Group shall promptly notify each member of any notification received under this paragraph.

Termination

27. The Council may at any time, by special vote, decide to terminate these Terms of Reference. Such termination shall take effect on such date as the Council shall decide. The Secretary-General shall notify the decision taken under this paragraph to the depositary.

Liquidation

28. Notwithstanding the expiry or the termination of these Terms of Reference, the Council shall continue in being for as long as it is necessary, but not exceeding a period of 12 months, to carry out liquidation of the Group including settlement of the accounts.

Annex A

Statistical information on net world trade (imports and exports) in jute and jute products for the purposes of entry into force of these Terms of Reference

Table 1: Net Exports of Jute and Allied Fibres ('000 MT in fibre equivalent)

Country	1996/97	1997/98	1998/99	Average of 96/97 - 98/99	Share (%)
World	**1 011.2**	**1 090.6**	**997.9**	**1 033.2**	**100.0**
A. Current Members					
Bangladesh	794.1	801.3	779.3	791.6	76.6
India	193.3	262.6	192.6	216.2	20.9
Nepal	11.7	10.7	10.7	11.0	1.1
Sub-total A:	**999.1**	**1 074.6**	**982.6**	**1 018.8**	**98.6**
B. Past Members					
Thailand	10.1	11.1	12.1	11.1	1.1
Sub-total B:	10.1	11.1	12.1	11.1	1.1
C. Others	2.0	4.9	3.2	3.4	0.3
Total (A+B+C)	1 011.2	1 090.6	997.9	**1 033.2**	**100.0**

Table 2: Net Imports of Jute and Allied Fibres
('000 MT in fibre equivalent)

	Average of 1996-98	Share (%)
World	**992.3**	**100.00**
A. Current Members		
A.1 EC Members		
Austria	0.8	0.08
Belgium-Lux	86.3	8.70
Denmark	1.2	0.12
Finland	0.2	0.02
France	19.3	1.94
Germany	17.5	1.76
Greece	2.9	0.29
Italy	10.3	1.04
Ireland	1.4	0.14
Netherlands	22.0	2.22
Portugal	1.5	0.15
Spain	10.0	1.01
Sweden	0.2	0.02
UK	43.5	4.38
Sub-total A.1	217.1	21.87
A.2 Non-EC Members		
China	85.6	8.77
Japan	37.1	3.74
Egypt	24.2	2.44
Indonesia	12.7	1.28
Switzerland	0.3	0.03
Norway	0.2	0.02
Sub-total A.2	160.1	16.28
Total A (A1+A2)	**377.2**	**38.15**
B. Past Members		
Pakistan	92.2	9.29
Turkey	65.1	6.56
USA	62.8	6.33
Australia	43.2	4.35
Canada	7.9	0.80
Poland	4.9	0.49
Yugoslavia	2.2	0.22
Sub-total B	**278.3**	**28.04**
C. Other Countries		
Iran	53.8	5.42
Syria	53.3	5.37
Sudan	37.6	3.79
USSR	27.2	2.74
Côte d'Ivoire	18.6	1.87
Morocco	13.0	1.31
Brazil	11.2	1.13
Ghana	10.9	1.10
Saudi Arabia	10.8	1.09
Philippines	0.5	0.05
Czech Republic	1.6	0.16
Malaysia	2.4	0.24
Republic of Korea	7.0	0.71
Senegal	1.2	0.12
Algeria	9.9	1.00
Sub-total C	**259.0**	**27.14**
D. Others	**77.8**	**7.71**
TOTAL (A+B+C)	**992.3**	**100.00**